



ZIEGLER CHEMICAL & MINERAL CORP.

100 JERICO QUADRANGLE, JERICO, NEW YORK 11753

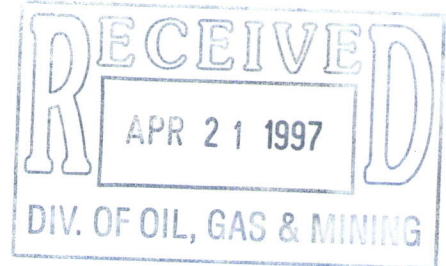
TEL: 516-681-9600

FAX: 516-681-9604

m/047/013

April 10, 1997

Mr. D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program
State of Utah Dept. of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203



Dear Wayne:

Re: Irrevocable Letter of Credit
Fleet Bank
\$113,900

Ziegler Chemical and Mineral Corporation has changed banks. Enclosed please find the specifications for the above-referenced Letter of Credit which has been drawn up by our new bank, Chase Manhattan.

The specifications have not changed from the existing Letter of Credit, but please review and approve the specifications. Upon your acceptance, Chase will then issue a new L/C. We await your reply.

Sincerely yours,

ZIEGLER CHEMICAL & MINERAL CORP.

William J. Hyland
Vice President - Finance

WJH:lz

Enc.



***** DIRECT *****

APPLICANT:
ZIEGLER CHEMICAL & MINERAL CORP.
100 JERICO QUADRANGLE
JERICO, N.Y. 11753

UTAH DIVISION OF OIL GAS AND MINING
3 TRIAD CENTER, SUITE 350
SALT LAKE CITY, UTAH 94180-1203

AMOUNT: USD 113,900.00
(ONE HUNDRED THIRTEEN THOUSAND
NINE HUNDRED AND 00/100
UNITED STATES DOLLARS)

IRREVOCABLE STANDBY LETTER OF CREDIT NO.

FOR ACCOUNT OF:

ZIEGLER CHEMICAL & MINERAL CORP.
100 JERICO QUADRANGLE
JERICO, NY 11753

USD113,900.00

EXPIRY DATE:

EXPIRY PLACE: THE CHASE MANHATTAN BANK,
NEW YORK, NEW YORK 10041

GENTLEMEN:

1. THE CHASE MANHATTAN BANK, 55 WATER STREET, 17TH FLOOR, ROOM 1710, NEW YORK, NEW YORK 10041 ATTN: STANDBY LETTER OF CREDIT UNIT, ("BANK") HEREBY ESTABLISHES THIS LETTER OF CREDIT (THE "LETTER OF CREDIT") IN FAVOR OF UTAH DIVISION OF OIL, GAS AND MINING ("DIVISION") FOR AN AGGREGATE AMOUNT NOT TO EXCEED ("FACE AMOUNT") EFFECTIVE IMMEDIATELY.

2. THE LETTER OF CREDIT WILL EXPIRE UPON THE FIRST EVENT SET FORTH AS FOLLOWS:

A) 5:00 CLOCK P.M. NEW YORK TIME ON OR

B) THE DATE UPON WHICH SUFFICIENT DOCUMENTS ARE EXECUTED BY THE DIVISION TO RELEASE ZIEGLER CHEMICAL & MINERAL CORP, ("OPERATOR") FROM FURTHER LIABILITY FOR RECLAMATION OF THE GILSONITE MINES M/047/013 WITH NOTICE TO THE BANK BY THE DIVISION ACCOMPANIED BY THE ORIGINAL LETTER OF CREDIT WITH DIRECTIONS FOR CANCELLATION.

3. THIS LETTER OF CREDIT WILL BE AUTOMATICALLY EXTENDED FOR SUCCESSIVE PERIODS OF ONE YEAR FROM THE CURRENT OR ANY FUTURE EXPIRATION DATE UNLESS THE BANK GIVES NOTICE TO THE DIVISION NINETY DAYS PRIOR TO THE EXPIRATION DATE THAT BANK ELECTS NOT TO RENEW THE LETTER OF CREDIT.

4. FUNDS UNDER THE LETTER OF CREDIT ARE AVAILABLE AGAINST THE DIVISION'S SIGHT DRAFT, IN THE FORM OF EXHIBIT A, SPECIFYING LETTER OF CREDIT NO. DELIVERED TO THE OFFICE OF THE BANK, 55 WATER STREET, 17TH FLOOR, ROOM 1710, NEW YORK, NEW YORK 10041 ATTN:

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***** DIRECT *****

APPLICANT:
ZIEGLER CHEMICAL & MINERAL CORP.
100 JERICHO QUADRANGLE
JERICHO, N.Y. 11753

UTAH DIVISION OF OIL GAS AND MINING
3 TRIAD CENTER, SUITE 350
SALT LAKE CITY, UTAH 94180-1203

AMOUNT: USD 113,900.00
(ONE HUNDRED THIRTEEN THOUSAND
NINE HUNDRED AND 00/100
UNITED STATES DOLLARS)

STANDBY LETTER OF CREDIT UNIT AT THE DIVISION'S SOLE ELECTION, THE DIVISION MAY PRESENT SIGHT DRAFTS FOR LESS THAN THE FACE AMOUNT SO LONG AS THE AGGREGATE AMOUNT OF ALL SIGHT DRAFTS DOES NOT EXCEED THE FACE AMOUNT. EACH DRAFT MUST BE ACCOMPANIED BY A CERTIFICATE IN THE FORM OF EXHIBIT B, SIGNED BY A PURPORTED DULY AUTHORIZED REPRESENTATIVE OF THE DIVISION.

5. IF THE BANK RECEIVES THE DIVISION'S SIGHT DRAFT(S) AND CERTIFICATE(S) AS PROVIDED IN PARAGRAPH NO. 4 ABOVE ON OR BEFORE THE EXPIRATION OR TERMINATION OF THIS LETTER OF CREDIT, THE BANK WILL MAKE SUCH AMOUNT AS THE DIVISION MAY SPECIFY, WITHIN THE LIMITS OF THE SECOND SENTENCE OF PARAGRAPH NO. 4 OF THIS LETTER OF CREDIT, AVAILABLE TO THE DIVISION NO LATER THAN THE CLOSE OF BUSINESS, NEW YORK CITY TIME, ON THE SECOND BUSINESS DAY FOLLOWING THE BANK'S RECEIPT OF THE SIGHT DRAFT AND CERTIFICATE AND IN SUCH A MANNER AS THE DIVISION MAY SPECIFY.

6. THE BANK WILL GIVE PROMPT NOTICE TO THE OPERATOR AND TO THE DIVISION DIRECTOR OF ANY NOTICE RECEIVED OR ACTION FILED ALLEGING THE INSOLVENCY OR BANKRUPTCY OF THE BANK, OR ALLEGING ANY VIOLATIONS OF REGULATORY REQUIREMENTS WHICH COULD RESULT IN SUSPENSION OR REVOCATION OF THE BANK'S CHARTER OR LICENSE TO DO BUSINESS.

7. THE LETTER OF CREDIT WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK AND SHALL BE SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), THE INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500, AS THE SAME MAY BE AMENDED AND IN EFFECT FROM TIME TO TIME ("UCP"). IN THE EVENT OF A CONFLICT BETWEEN NEW YORK LAW AND THE UCP, NEW YORK LAW SHALL GOVERN.

ALL COMMUNICATIONS REGARDING THIS LETTER OF CREDIT WILL BE ADDRESSED TO THE BANK, AT 55 WATER STREET, 17TH FLOOR, ROOM 1710, NEW YORK, NEW YORK 10041 ATTN: STANDBY LETTER OF CREDIT UNIT. REFERENCING LETTER OF CREDIT NO. DATED

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The Chase Manhattan Bank
Global Trade Operations
P.O. Box 44, Church Street Station
New York, NY 10008-0044



ISSUE DATE: APRIL 04, 1997
L/A O.:
APPLICANT REFERENCE NO.:

***** DIRECT *****

APPLICANT:
ZIEGLER CHEMICAL & MINERAL CORP.
100 JERICHO QUADRANGLE
JERICHO, N.Y. 11753

UTAH DIVISION OF OIL GAS AND MINING
3 TRIAD CENTER, SUITE 350
SALT LAKE CITY, UTAH 94180-1203

AMOUNT: USD 113,900.00
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NINE HUNDRED AND 00/100
UNITED STATES DOLLARS)

THIS EXHIBIT FORMS AND INTEGRAL PART OF LETTER OF CREDIT

EXHIBIT A

DATE CITY, COUNTY LETTER OF CREDIT NO.

PAY TO OURSELVES.DOLLARS

TO: UTAH DIVISION OF OIL, GAS AND
MINING
3 TRIAD CENTER, SUITE 350
SALT LAKE CITY, UTAH 84180-1203

UTAH DIVISION OF OIL, GAS AND MINING

AUTHORIZED SIGNATURE

BY WIRE TRANSFER IN UNITED STATES DOLLARS TO:
UTAH DIVISION OF OIL, GAS AND MINING.

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***** DIRECT *****

APPLICANT:
ZIEGLER CHEMICAL & MINERAL CORP.
100 JERICHO QUADRANGLE
JERICHO, N.Y. 11753

UTAH DIVISION OF OIL GAS AND MINING
3 TRIAD CENTER, SUITE 350
SALT LAKE CITY, UTAH 94180-1203

AMOUNT: USD 113,900.00
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THIS EXHIBIT FORMS AND INTEGRAL PART OF LETTER OF CREDIT

EXHIBIT B

I, A DULY AUTHORIZED REPRESENTATIVE OF THE UTAH DIVISION OF OIL, GAS AND MINING, HEREBY CERTIFY THAT (1) THE DRAWING IN THE AMOUNT OF \$...., BY SIGHT DRAFT ACCOMPANYING THIS CERTIFICATE, UNDER LETTER OF CREDIT NO. DATED ISSUED BY YOU IS PERMITTED UNDER THE PROVISION OF THE LETTER OF CREDIT, (2) THE LETTER OF CREDIT HAS NEITHER EXPIRED NOR TERMINATED PURSUANT TO ITS TERMS, AND (3) THE AMOUNT OF THE SIGHT DRAFT, TOGETHER WITH ANY AMOUNTS PREVIOUSLY DRAWN UNDER THE LETTER OF CREDIT DOES NOT EXCEED THE FACE AMOUNT. PROCEEDS OF THIS DRAWING WILL BE UTILIZED IN FULL TO PAY THE EXPENSE RELATING TO THE RECLAMATION LIABILITY FOR THE GILSONITE MINES M/047/013

THE UTAH DIVISION OF OIL, GAS AND MINING

BY:

AUTHORIZED SIGNATURE

DATE:

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